

THE HONORABLE JOHN C. COUGHENOUR

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

INTEUM COMPANY, LLC, a Washington  
limited liability company,

Plaintiff,

v.

NATIONAL UNIVERSITY OF SINGAPORE,  
a foreign, non-profit entity,

Defendant.

CASE NO. C17-1252-JCC

ORDER

This matter comes before the Court on Defendant National University of Singapore's motion for summary judgment (Dkt. No. 45). Having thoroughly considered the parties' briefing and the relevant record, the Court finds oral argument unnecessary and hereby GRANTS in part and DENIES in part the motion for the reasons explained herein.

**I. BACKGROUND**

Plaintiff is a Washington limited liability company that develops and supports intellectual property management software, commonly referred to as Knowledge Management Software ("KMS"). (Dkt. Nos. 35 at 4, 45 at 7, 63 at 3.) Defendant is headquartered in Singapore, and licensed Plaintiff's KMS from 1996 to August 2016. (Dkt. No. 35 at 8.) At all times relevant to this case, the parties' contractual relationship was governed by an August 2012 License Agreement (the "License Agreement"), a 2015 Software Maintenance Plan ("SMP"), and a non-

1 disclosure agreement (“NDA”). (Dkt. No. 51-1 at 2–4, 6–8, 10–12.)

2       The SMP gave a nonexclusive license to Defendant to use Plaintiff’s Inteum C/S®  
3 software program (the “Inteum Software”). (*Id.* at 7.) The Inteum Software is composed of the  
4 software application and a relational database, which is used to store and display a large amount  
5 of the client’s data. (Dkt. No. 46 at 1, 3.) A relational database stores data in tables that capture  
6 different types of information, and is capable of combining information from separate tables. (*Id.*  
7 at 2.) Under the terms of the SMP, the parties’ contractual relationship expired on August 6,  
8 2016, and Defendant was not obligated to subscribe to another SMP with Plaintiff. (Dkt. No. 51-  
9 1 at 7–8, 27–28.)

10       The License Agreement governed Defendant’s use of the Inteum Software. (Dkt. No. 51-  
11 1 at 2.) The License Agreement provided that the Inteum Software “is owned by [Plaintiff] . . .  
12 and is protected by United States trade secret and copyright laws . . . [.]” and that Defendant  
13 could “either (a) make one copy of the [Inteum Software] solely for backup or archival purposes,  
14 or (b) transfer the [Inteum Software] to a single hard disk provided that [Defendant] keeps the  
15 original solely for backup or archival purposes.” (*Id.*) The License Agreement further provided  
16 that Defendant “may not transfer the [Inteum Software] on any basis whatsoever. [Defendant]  
17 may not reverse engineer, decompile, or disassemble the [Inteum Software].” (*Id.*) The License  
18 Agreement was to be read in conjunction with the NDA and SMP. (*Id.* at 3.)

19       The NDA states that Plaintiff was “the owner of certain proprietary, trade secret and  
20 copyrighted information relating to the” Inteum Software. (*Id.* at 10.) The NDA applied to the  
21 Inteum C/S® Data Dictionary (the “data dictionary”); data dictionaries are common database  
22 reference tools used to identify information stored in a database’s tables. (Dkt. No. 46 at 32.) The  
23 NDA was intended to ensure that Defendant would maintain the Inteum Software under strict  
24 confidentiality, and required that written or graphical presentations, as well as written summaries  
25 of oral presentations, of the Inteum Software be marked “confidential.” (Dkt. No. 51-1 at 10.)  
26 The NDA permitted Defendant to make one copy of the Inteum Software, and required that any

disclosed information carry proprietary and copyright notices. (*Id.*) Under the NDA, Defendant could use the Inteum Software “only to develop management reports and to otherwise enjoy use of the software to the fullest extent of its capabilities.” (*Id.* at 11.) The NDA did not apply to output reports of the Inteum Software that did not reveal data structure, which generally means “tables and file names and the relationships between them.” (*Id.*; Dkt. No. 64 at 3.)

Beginning in 2015, Defendant began exploring KMS of other vendors, including Wellspring Worldwide, Inc.’s (“Wellspring”) “Sophia” product. (Dkt. No. 47 at 3–5.) In January 2016, Defendant posted an invitation to tender on GeBIZ, a Singapore Government website. (*Id.* at 5–6.) Defendant received four bids, including bids from Plaintiff and Wellspring. (*Id.* at 6.) Defendant selected Wellspring as its new KMS provider, and signed license documents with Wellspring in March 2016. (*Id.*)

Defendant and Wellspring worked together to migrate Defendant’s data from the locally-hosted Inteum Software’s database to Wellspring’s Sophia product. (Dkt. No. 48 at 2.) Several events related to the data migration are relevant to this case. Wellspring told Defendant that a backup of the Inteum Software’s database and related files were needed for the purpose of data migration, and later communications indicate that Defendant provided the backup to Wellspring in April 2016. (Dkt. No. 62-1 at 32, 11–12.) Also prior to the data migration, Defendant sent Wellspring a list of the database objects contained in Defendant’s version of the Inteum Software (the “Filename List”). (Dkt. No. 52 at 24–63.) During the data migration itself, Defendant’s employees extracted data from 399 tables in Defendant’s version of the Inteum Software’s database and exported the data from each into a comma separated value (“.csv”) file. (Dkt. Nos. 46 at 6, 48 at 3.) These files store data as a plain text file and do not store any code, and therefore cannot be used to restore the Inteum Software’s database or launch the Inteum Software. (Dkt. No. 46 at 7–8, 11–12.)

In August 2016, the 399 .csv files were uploaded to a secure file transfer portal hosted by Wellspring for a data audit, at which point the data would be evaluated to determine where it

1 should be placed in the Sophia database. (Dkt. No. 48 at 4.) After the data audit was completed,  
2 Defendant transferred 233 .csv files to Wellspring, representing the final migration of data. (Dkt.  
3 No. 48 at 4.) Plaintiff claims that a number of the .csv files sent were of “secondary” tables  
4 proprietary to Plaintiff, as they contain “materialized data” produced by applying the Inteum  
5 Software’s algorithms to Defendant’s data to generate customized combinations of data. (Dkt.  
6 Nos. 45 at 12, 64 at 4.)<sup>1</sup> Plaintiff has filed suit against Defendant, alleging that Defendant  
7 breached its contracts with Plaintiff and that Defendant misappropriated Plaintiff’s trade secrets.  
8 (Dkt. No. 35 at 17.) Defendant now moves for summary judgment dismissing Plaintiff’s claims.  
9 (Dkt. No. 45.)

## 10 **II. DISCUSSION**

### 11 **A. Motion to Strike Expert Declaration**

12 Plaintiff moves to strike the declaration of Dr. Rajeev Surati pursuant to Federal Rule of  
13 Civil Procedure 37(c)(1). (Dkt. No. 63 at 3.) Plaintiff contends that Defendant wrongfully  
14 refused to make Dr. Surati available for a deposition because his expert report had not been  
15 served. (*Id.*) “If a party fails to provide information or identify a witness as required by Rule  
16 26(a) or (e), the party is not allowed to use that information or witness to supply evidence on a  
17 motion . . . unless the failure was substantially justified or is harmless.” Fed. R. Civ. P. 37(c)(1).  
18 An expert’s report must be disclosed at least 90 days before the trial date. Fed. R. Civ. P.  
19 26(a)(2)(D). If an expert is required to provide a report under Rule 26(a)(2)(B), a deposition of  
20 that expert “may be conducted only after the report is provided.” Fed. R. Civ. P. 26(b)(4)(A).

21 Trial in this matter is set to begin on March 18, 2019. (Dkt. No. 28.) Dr. Surati’s report  
22 had to be disclosed by December 18, 2018. Fed. R. Civ. P. 26(a)(2)(D). Defendant served  
23 Plaintiff with Dr. Surati’s expert report on December 18, 2018. (Dkt. No. 70 at 2.) Therefore,  
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25 <sup>1</sup> The precise number of tables at issue is unclear. (*See* Dkt. Nos. 45 at 15; 46 at 6 n.4;  
26 Dkt. No. 51-4 at 2–3; 61 at 14; 64 at 3.) As the total number is not relevant to the Court’s  
analysis of the parties’ claims, it will not resolve this dispute in the context of this motion.

1 Defendant timely disclosed Dr. Surati's expert report, and Plaintiff did not have a right to depose  
2 Dr. Surati prior to that date. Fed. R. Civ. P. 26(a)(2)(D), (b)(4)(A). Plaintiff's motion to strike  
3 Dr. Surati's declaration pursuant to Rule 37(c)(1) is DENIED.

4 **B. Washington Uniform Trade Secrets Act ("WUTSA") Preemption**

5 On January 11, 2019, the Court ordered Plaintiff to show cause why its breach of contract  
6 claims were not preempted by the WUTSA, as its breach of contract and trade secret  
7 misappropriation claims are premised on the same operative facts. (Dkt. No. 76.) Both parties  
8 submitted supplemental briefing on this issue. (Dkt. Nos. 80, 82.)

9 The controlling case on this issue is the Washington Supreme Court's decision in *Boeing*  
10 *Co. v. Sierracin Corp.*, 738 P.2d 665 (Wash. 1987). In *Boeing*, the Washington Supreme Court  
11 held that the WUTSA did not displace a party's ability to bring a breach of contract claim  
12 independent from a trade secret misappropriation claim. *Id.* at 673–74 (citing Uniform Trade  
13 Secrets Act of the National Conference of Commissioners on Uniform State Laws, at 6 (Aug. 3,  
14 1978)). Notwithstanding *Boeing*, the state of the law in Washington became less clear following  
15 the Washington Court of Appeals' decision in *Thola v. Henschell*, 164 P.3d 524 (Wash. Ct. App.  
16 2007). In *Thola*, the Washington Court of Appeals stated that a civil claim was preempted by the  
17 WUTSA if the facts supporting the claim "are the same as those that support the plaintiff's  
18 WUTSA claim." *Id.* at 530. *Thola* did not differentiate between tort- and contract-based civil  
19 claims. *See id.* Following *Thola*, courts were divided about whether contract claims premised on  
20 the same operative facts as a trade secret misappropriation claim were preempted by the  
21 WUTSA. *Compare Cen Com Inc. v. Numerex Corp.*, 2018 WL 1182240, slip op. at 2 (W.D.  
22 Wash. 2018) (applying *Thola* to dismiss a breach of contract claim that was "not factually  
23 independent from" the plaintiff's WUTSA claim); *with Illinois Tool Works Inc. v. Seattle Safety*  
24 *LLC*, 2008 WL 11343004, slip op. at 4 (W.D. Wash. 2008) (applying *Boeing* to conclude that  
25 plaintiffs' breach of confidentiality claim was not preempted by WUTSA).

26 The Washington Court of Appeals recently clarified this split of authority. *See*

1 *Modumetal, Inc. v. Xtallic Corp.*, 425 P.3d 871 (Wash. Ct. App. 2018), *rev. denied*, 432 P.3d 793  
2 (Wash. 2019). In *Modumetal*, the Washington Court of Appeals stated that, “Until or unless the  
3 Washington Supreme Court overrules Boeing and adopts the Thola analysis, Boeing controls.  
4 Accordingly, we follow Boeing and conclude that Modumetal’s common law confidentiality  
5 claims are not preempted by its trade secrets claims, regardless of whether they are based on the  
6 same facts.” *Id.* at 882; *see also SEIU Healthcare Nw. Training P’ship v. Evergreen Freedom*  
7 *Found.*, 427 P.3d 688, 695 (Wash. Ct. App. 2018) (quoting *Modumetal* to state that *Boeing*, not  
8 *Thola*, controls preemption analysis under WUTSA). Therefore, Plaintiff can support its breach  
9 of contract and trade secret misappropriation claims with the same operative facts.

### 10 **C. Summary Judgment Legal Standard**

11 “The court shall grant summary judgment if the movant shows that there is no genuine  
12 dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R.  
13 Civ. P. 56(a). In making such a determination, the Court must view the facts and justifiable  
14 inferences to be drawn therefrom in the light most favorable to the nonmoving party. *Anderson v.*  
15 *Liberty Lobby, Inc.*, 477 U.S. 242, 255 (1986). Once a motion for summary judgment is properly  
16 made and supported, the opposing party “must come forward with ‘specific facts showing that  
17 there is a *genuine issue for trial*.’” *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S.  
18 574, 587 (1986) (quoting Fed. R. Civ. P. 56(e)). Material facts are those that may affect the  
19 outcome of the case, and a dispute about a material fact is genuine if there is sufficient evidence  
20 for a reasonable jury to return a verdict for the non-moving party. *Anderson*, 477 U.S. at 248–49.  
21 Ultimately, summary judgment is appropriate against a party who “fails to make a showing  
22 sufficient to establish the existence of an element essential to that party’s case, and on which that  
23 party will bear the burden of proof at trial.” *Celotex Corp. v. Catrett*, 477 U.S. 317, 324 (1986).

### 24 **D. Breach of Contract**

25 Defendant moves for summary judgment on Plaintiff’s claims for breach of the License  
26 Agreement and the NDA. (Dkt. No. 45 at 15–17.) The elements of a breach of contract claim are

1 “(1) a contract that imposed a duty, (2) breach of that duty, and (3) an economic loss as a result  
2 of the breach.” *Myers v. State*, 218 P.3d 241, 243 (Wash. Ct. App. 2009).

3 1. Duties Under the License Agreement and NDA

4 Under the License Agreement, Defendant was prohibited from transferring, reverse  
5 engineering, decompiling, or disassembling the Inteum Software, comprised of the software  
6 application and the relational database. (Dkt. Nos. 46 at 3, 51-1 at 2–3.) The NDA applied to  
7 Plaintiff’s proprietary, trade secret, and copyrighted information related to the Inteum Software,  
8 including the data dictionary. (Dkt. No. 51-1 at 10.) Under the NDA, Defendant was only  
9 allowed to use this information “expressly and only to develop management reports and to  
10 otherwise enjoy use of the software to the fullest extent of its capabilities.” (*Id.* at 11.)

11 2. Breaches of the License Agreement and NDA

12 a. *Full Database Backup*

13 Defendant moves for summary judgment on Plaintiff’s claim that Defendant breached the  
14 confidentiality provisions of the License Agreement and NDA by providing Wellspring a full  
15 backup of Plaintiff’s database. (Dkt. Nos. 45 at 15, 51-4 at 2.) Prior to the data migration,  
16 Wellspring told Defendant that it would need “a back-up of the Inteum database and related  
17 files.” (Dkt. No. 62-1 at 32.) Later communications between Defendant and Wellspring indicate  
18 that Defendant provided Wellspring with “the back up Inteum database” on April 13, 2016. (*Id.*  
19 at 111–12.) Defendant submits evidence purporting to show that the “backup Inteum database”  
20 described in the communications was actually the 399 .csv files, not a full backup database. (*See*  
21 Dkt. No. 51-4 at 25–26, 135–36, 152–53, 157–58, 161–168.) Although Defendant asserts that  
22 this evidence establishes that there is no genuine dispute as to whether Defendant sent a full  
23 backup database to Wellspring, the evidence merely rebuts the documentary evidence supporting  
24 Plaintiff’s claim that the database was sent from Defendant to Wellspring. (Dkt. No. 45 at 15, 23;  
25 *see* Dkt. No. 62-1 at 32, 110, 112.) Therefore, there is a genuine dispute as to whether a full  
26 backup of Plaintiff’s database was sent by Defendant to Wellspring in violation of the

1 confidentiality provisions of the License Agreement and NDA. Defendant’s motion for summary  
2 judgment is DENIED on this ground.<sup>2</sup>

3 *b. Secondary Tables*

4 Defendant moves for summary judgment on Plaintiff’s claim that Defendant breached the  
5 terms of the License Agreement and NDA by disclosing Plaintiff’s secondary tables to  
6 Wellspring. (Dkt. Nos. 45 at 15–16, 51-4 at 2–3, 61 at 14.) The .csv files sent by Defendant to  
7 Wellspring only stored data as a plain text file and could not be used to replicate or reverse  
8 engineer the Inteum database, Plaintiff’s secondary tables, or the Inteum Software. (Dkt. Nos. 46  
9 at 12, 51-4 at 39–40.) Plaintiff has not argued that the transfer of the .csv files constituted a  
10 transfer of the Inteum Software, or that Wellspring would have been able to reverse engineer the  
11 Inteum Software upon receipt of the .csv files. (*See* Dkt. No. 61 at 14.) Therefore, there is no  
12 genuine dispute that Defendant’s sending of the .csv files to Wellspring did not breach the terms  
13 of the License Agreement.

14 Even though the .csv files transferred by Defendant to Wellspring did not constitute a  
15 transfer of the Inteum Software or enable Wellspring to reverse engineer the Inteum Software,  
16 Plaintiff contends that Defendant is still liable for breaching the NDA because “[i]f [the  
17 secondary tables] are trade secrets, they could not be shared.” (Dkt. No. 61 at 14.) As discussed  
18 *infra*, Plaintiff has not carried its burden of establishing that the secondary tables are legally  
19 protectable as trade secrets. (*See* Section II.E.1.a.) Therefore, there is no genuine dispute that  
20 disclosure of the secondary tables did not constitute a breach of the NDA. Defendant’s motion

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22 <sup>2</sup> Plaintiff appears to contend that Defendant also breached the License Agreement and  
23 NDA by creating a backup database. (Dkt. No. 61 at 8, 14.) But the License Agreement  
24 permitted Defendant to make a copy of the Inteum Software for backup or archival purposes;  
25 thus, the mere creation of a backup is insufficient to constitute a breach of the License  
26 Agreement. (Dkt. No. 51-1 at 2.) Further, Plaintiff has not asserted a theory of damages for this  
alleged breach; Plaintiff only seeks to recover the value of the lost contract and “the total value  
of the trade secrets that [Defendant] provided to Wellspring.” (Dkt. Nos. 51-4 at 15–16, 61 at  
14–16.) Therefore, to the extent Plaintiff claims that the creation of a backup database  
constituted a breach of the License Agreement and NDA, such claim fails as a matter of law.



1 for summary judgment is GRANTED on this ground.

2 *c. Filename List*

3 Defendant moves for summary judgment on Plaintiff's claim for breach of contract  
4 premised on Defendant's sending of the Filename List to Wellspring. (Dkt. Nos. 45 at 16, 51-4 at  
5 2.) The Filename List did not enable Wellspring to reverse engineer the Inteum Software or its  
6 database, (Dkt. No. 51-4 at 73), and Plaintiff does not contend that the sending of the Filename  
7 List constituted a transfer of the Inteum Software. (Dkt. No. 61 at 14.) Therefore, there is no  
8 genuine dispute that the transfer of the Filename List did not violate the terms of the License  
9 Agreement.

10 Plaintiff contends that "there is a question of fact about whether the 39-page [Filename  
11 List] of everything in the software was a trade secret . . . If it is, its disclosure violated the plain  
12 language of the License Agreement." (*Id.*) Notwithstanding that the NDA prohibited disclosure  
13 of Plaintiff's trade secrets, as discussed *infra* Plaintiff has not carried its burden of establishing  
14 that the Filename List is legally protectable as a trade secret. (*See* Section II.E.1.b.) Therefore,  
15 there is no genuine dispute that the disclosure of the Filename List did not constitute a breach of  
16 the NDA. Defendant's motion for summary judgment is GRANTED on this ground.

17 *d. Inteum Front End*

18 Defendant moves for summary judgment on Plaintiff's claim that Defendant breached the  
19 confidentiality provisions of the License Agreement and the NDA by "referr[ing] to the Inteum  
20 front end (or application) during the data migration process in an effort to port over functionality  
21 of the existing Inteum system to the Wellspring system." (Dkt. Nos. 45 at 16, 51-4 at 3.)  
22 Defendant argues that Plaintiff's "unspecified references" to the Inteum front end do not  
23 constitute transfers or reverse engineering efforts, and that the License Agreement and NDA do  
24 not prohibit discussion of program functions that are visible to users and publicly disclosed by  
25 Plaintiff. (Dkt. No. 45 at 16) (citing Dkt. Nos. 51-5–51-8). But Plaintiff contends that these  
26 discussions constituted efforts to reverse engineer the functionality of the Inteum Software, and

1 thus violated the License Agreement. (Dkt. No. 61 at 12, 14–16.)<sup>3</sup> Furthermore, evidence in the  
2 record indicates that Defendant discussed the Inteum front end with Wellspring in order to “port  
3 over,” or replicate the functionality of, the Inteum Software. (Dkt. No. 64 at 2, 7; *see also* Dkt.  
4 No. 72 at 7) (Dr. Surati noting that the screenshots cited by Plaintiff depict two “raw” data tables  
5 that Plaintiff does not claim as proprietary, but stating that the data audit documents do provide  
6 “explanations of what some fields do in Inteum . . .”). Therefore, there is a genuine dispute as to  
7 whether Defendant’s discussion with Wellspring regarding the Inteum front end constituted  
8 reverse engineering efforts that violated the License Agreement. Defendant’s motion for  
9 summary judgment is DENIED on this ground.

10 *e. Use of Data Dictionary*

11 Defendant moves for summary judgment on Plaintiff’s assertion that Defendant’s use of  
12 the data dictionary during the data migration breached the terms of the License Agreement and  
13 NDA. (Dkt. Nos. 45 at 16, 51-4 at 3.) Defendant’s employee Daniel Leong stated that he  
14 “referred to the Inteum Data Dictionary to help [him] locate a certain data field and understand  
15 what was stored in that particular field” during the data migration process, which assisted in  
16 Defendant’s extraction of its data from the Inteum Software. (Dkt. No. 48 at 5–6.) Leong further  
17 stated that he did not provide a copy of the data dictionary to Wellspring or facilitate  
18 Wellspring’s access to the data dictionary at any time. (*Id.* at 6; *see also* Dkt. No. 62-1 at 160)  
19 (email from Leong stating that the data dictionary was only for Defendant’s use).

20 During his deposition, Plaintiff’s CEO stated that a licensee was not contractually  
21 prohibited from “refer[ring] to the data dictionary for purposes of data cleanup or data migration  
22 . . .” (Dkt. No. 51-1 at 43–44.)<sup>4</sup> Plaintiff has not offered contravening evidence, or otherwise

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23 <sup>3</sup> Plaintiff does not appear to argue that these discussions violated the confidentiality  
24 terms of the NDA. (*See* Dkt. No. 61 at 12, 14–16.)

25 <sup>4</sup> When further asked whether he could “identify where it would be written down that you  
26 cannot refer to the data dictionary for purposes of data cleanup or data migration,” Plaintiff’s  
CEO stated that any prohibition against such use was, “Not in a policy statement that is stored as  
such in the company. But does it exist in the pantheon of 25 years’ worth of emails written to a

1 established that Defendant's reference to the data dictionary while extracting its data did not fall  
2 within Defendant's "full use and enjoyment of" the Inteum Software, even if such extraction was  
3 done with the goal of data migration. (*See* Dkt. No. 61 at 14–16.) Therefore, Defendant has  
4 established that there is no genuine dispute that Defendant's referral to the data dictionary during  
5 the data migration process did not breach the terms of the License Agreement or NDA, and  
6 Defendant's motion for summary judgment is GRANTED on this ground.<sup>5</sup>

### 7 3. Damages

#### 8 a. *Damages Resulting from Disclosure*

9 Defendant moves for summary judgment on Plaintiff's claim for damages arising from its  
10 breach of contract claims. (Dkt. No. 45 at 15.) As discussed above, Plaintiff's breach of contract  
11 claims are premised on the same operative facts and theory of damages underlying its trade  
12 secret misappropriation claims: Plaintiff briefly contends that it is entitled "to damages relating  
13 to the disclosures in breach of the contract," and its monetary damages sought in this suit are "the  
14 total value of the trade secrets that [Defendant] provided to Wellspring." (*See supra* Section  
15 II.B.; Dkt. Nos. 51-4 at 15, 61 at 16.) As discussed below, Plaintiff has not adequately  
16 demonstrated that it is entitled to recover its claimed research and development costs from  
17 Defendant. (*See infra* Section II.E.3.).

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19 \_\_\_\_\_  
20 former customer? It's likely." When further asked if such a policy "exist[ed] in a signed contract  
... with any licensee," Plaintiff's CEO responded, "No." (Dkt. No. 51-1 at 43–44.)

21 <sup>5</sup> The Court also notes that Plaintiff has argued that its breach of contract claims entitled  
22 it to "damages relating to the disclosures in breach of the contract . . . [and] damages for the loss  
23 of the contract." (Dkt. No. 61 at 16; *see also* Dkt. No. 51-4 at 15–16) (Plaintiff's claimed  
24 damages in this case premised on the value of the lost contract and "the total value of the trade  
25 secrets that NUS provided to Wellspring"). As the uncontroverted evidence in the record  
26 establishes that Defendant did not disclose the data dictionary to Wellspring (*see* Dkt. Nos. 48 at  
5–6, 62-1 at 160), Plaintiff's claim for damages premised on this alleged breach would have to  
be based on the lost value of the contract. (Dkt. No. 51-4 at 15–16.) As discussed below, Plaintiff  
is not entitled to recover the value of the lost contract. *See Capitol Pros, Inc. v. Vadata Inc.*, 2018  
WL 3390457, slip op. at 2 (W.D. Wash. 2018). Therefore, Plaintiff has also failed to establish a  
recoverable loss caused by Defendant's alleged improper use of the data dictionary.

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A plaintiff must “establish damages resulting from the breach with a reasonable degree of certainty.” *Capitol Pros, Inc.*, 2018 WL 3390457, slip op. at 2 (citation omitted). Expectation damages are generally awarded for breach of contract, by which the injured party is awarded “a sum of money that will, to the extent possible, put the injured party in as good a position as that party would have been in had the contract been performed.” *Mason v. Mortg. Am., Inc.*, 792 P.2d 142, 146 (Wash. 1990). If a party has materially performed under the contract, “there is no amount of damages required to ‘put the injured party in as good a position as that party would have been in had the contract been performed.’” *Capitol Pros, Inc.*, 2018 WL 3390457, slip op. at 2 (quoting *Mason*, 792 P.2d at 146). Similarly, if the breaching party is under no obligation to renew a contract, the injured party cannot recover damages based on the breaching party’s refusal to renew the parties’ contractual relationship. *See id.*; *see also Evergreen Int’l Airlines, Inc. v. Boeing Co.*, C10-0568-JCC, Dkt. No. 22 at 5, 7–8 (W.D. Wash. 2010) (plaintiff could not recover on claim for loss of contract where defendant properly exercised its right not to renew).

It is undisputed that Plaintiff “received full payment of all license and software maintenance fees through the end of the license period.” (Dkt. No. 47 at 6.) It is also undisputed that Defendant was not obligated to renew the parties’ contractual relationship at the conclusion of the SMP on August 6, 2016. (Dkt. No. 51-1 at 7–8, 27–28.) Therefore, Plaintiff’s claim for breach of contract damages premised on the loss of its contractual relationship with Defendant fails as a matter of law. *Capitol Pros, Inc.*, 2018 WL 3390457, slip op. at 2. The Court GRANTS summary judgment on Plaintiff’s loss of contract theory of damages.

1           **E.       Misappropriation of Trade Secrets**

2                       1.   Status of Information as Trade Secrets

3           Defendant asserts that three of Plaintiff’s alleged trade secrets are not protected by the  
4 WUTSA. (Dkt. No. 45 at 18.)<sup>6</sup> “A plaintiff seeking to establish a trade secrets claim under [the  
5 WUTSA] has the burden of proving that legally protectable secrets exist.” *Modumetal*, 425 P.3d  
6 at 878 (quoting *Boeing*, 738 P.2d at 674). Thus, a plaintiff must establish “(1) that the  
7 information derives independent economic value from not being generally known or readily  
8 ascertainable to others who can obtain economic value from knowledge of its use and (2) that  
9 reasonable efforts have been taken to maintain the secrecy of the information.” *Id.* at 879  
10 (quoting *Precision Moulding & Frame, Inc. v. Simpson Door Co.*, 888 P.2d 1239, 1242 (Wash.  
11 Ct. App. 1995)); Wash. Rev. Code § 19.108.010(4).

12           The plaintiff bears the burden of demonstrating that the alleged trade secrets are novel  
13 and unique, and that the plaintiff has taken efforts to maintain the secrecy of the information that  
14 are “reasonable under the circumstances.” *Machen, Inc. v. Aircraft Design, Inc.*, 828 P.2d 73,  
15 76–79 (Wash. Ct. App. 1992), *overruled on other grounds by Waterjet Tech., Inc. v. Flow Int’l*  
16 *Corp.*, 996 P.2d 598 (Wash. 2000). To be novel, “the information must not be readily  
17 ascertainable from another source.” *Robbins, Geller, Rudman & Dowd, LLP v. State*, 328 P.3d  
18 905, 911 (Wash. Ct. App. 2014) (quoting *Spokane Research & Def. Fund v. City of Spokane*, 983  
19 P.2d 676, 682 (Wash. Ct. App. 1999). “A key factor in determining whether information has  
20 ‘independent economic value’ under the statute is the effort and expense that was expended in  
21 developing the information.” *McCallum v. Allstate Prop. & Cas. Ins. Co.*, 204 P.3d 944, 951  
22 (Wash. Ct. App. 2009)

23           “The alleged unique, innovative, or novel information must be described with specificity  
24 and, therefore, ‘conclusory’ declarations that fail to ‘provide concrete examples’ are insufficient  
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26           <sup>6</sup> Defendant does not move for summary judgment on whether a “full backup” of  
Plaintiff’s database or the data dictionary qualify as trade secrets. (Dkt. No. 45 at 18.)

1 to support the existence of a trade secret.” *Robbins*, 328 P.3d at 911 (quoting *McCallum*, 204  
2 P.3d at 951); *see also Belo Mgmt. Servs., Inc. v. ClickA Network*, 343 P.3d 370, 375 (Wash. Ct.  
3 App. 2014); *Woo v. Fireman’s Fund Ins. Co.*, 154 P.3d 236, 240 (Wash. Ct. App. 2007) (stating  
4 that conclusory declarations that failed to show how alleged trade secrets were materially  
5 different from methods of other competitors were insufficient to show existence of trade secrets)

6 Thus, Plaintiff bears the burden of establishing that each alleged trade secret is protected  
7 under the WUTSA through declarations or affidavits providing concrete examples as to how the  
8 alleged trade secrets are novel and unique and that they have been subject to reasonable efforts to  
9 maintain their secrecy. *Modumetal*, 425 P.3d at 878; *Robbins*, 328 P.3d at 911. Plaintiff relies on  
10 the declaration of Tim Hollobon to support its trade secret claims. (Dkt. No. 61 at 3, 17–20; *see*  
11 *generally* Dkt. No. 64.)<sup>7</sup> Each of Defendant’s challenges to Plaintiff’s trade secret claims will be  
12 examined in turn.

13 *a. Secondary Tables*

14 Defendant contends that there is no genuine dispute on the issue of whether the .csv  
15 versions of the secondary tables are trade secrets. (Dkt. No. 45 at 18.) The secondary tables  
16 claimed as trade secrets by Plaintiff fall into three categories: the DD tables, the AICS tables, and  
17 the record access control (“RAC”) tables. (Dkt. No. 46 at 12, 14, 17.)

18 The .csv versions of the DD tables sent from Defendant to Wellspring contained only  
19 column headers; they do not disclose accompanying data, code, or other contextualizing  
20 information. (Dkt. No. 46 at 12–13.) According to Defendant’s manual for the Inteum Software,  
21 posted online, the DD tables are used by the data dictionary to temporarily hold data for print  
22 jobs. (Dkt. No. 46-8 at 113.) Hollobon does not opine as to whether reasonable efforts have been  
23 taken to maintain the secrecy of the DD tables, or if so how the DD tables derive economic value  
24 from being kept secret. (*See generally* Dkt. No. 64); *Modumetal*, 425 P.3d at 879; Wash. Rev.

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25  
26 <sup>7</sup> Plaintiff has stated that it “does not believe” that Hollobon’s testimony falls within  
Federal Rule of Evidence 702. (Dkt. No. 70 at 44.)

1 Code § 19.108.010(4). Therefore, Plaintiff has not carried its burden of establishing that the DD  
2 tables are entitled to protection as trade secrets.

3 The AICS tables are used to integrate the Inteum Software’s database with a separate  
4 product of Plaintiff, “Analytics for Inteum.” (Dkt. No. 46 at 14–15.) The AICS tables are unique  
5 to the Analytics for Inteum product; a customer who is not using the Analytics for Inteum  
6 product would not use the AICS tables. (Dkt. No. 52 at 75.)<sup>8</sup> As with the DD tables, the .csv  
7 versions of the AICS tables sent from Defendant to Wellspring contained only column headers.  
8 (Dkt. No. 46 at 14.) Hollobon opines that the .csv versions of the AICS tables qualify as trade  
9 secrets because several of the column headers contain the acronym “SQL,” and therefore a  
10 competitor could infer that Plaintiff stores SQL code in the AICS tables and gain a competitive  
11 advantage. (Dkt. No. 64 at 7–8.) But the technique of storing SQL code within a database is not  
12 unique to Plaintiff; it is a generally known technique in the industry. (*See* Dkt. No. 72 at 3, 11–  
13 13, 15–17) (Dr. Surati declaring that he has used this technique in designing databases in the  
14 past, and blog posts from 2010 and 2011 discussing the efficacy of storing SQL code statements  
15 in databases). Hollobon does not provide concrete examples demonstrating that Plaintiff’s  
16 method of storing SQL code in the AICS tables is materially different from that which Dr. Surati  
17 describes. (*See* Dkt. No. 64 at 7–8.) Further, even assuming that Plaintiff’s method is unique,  
18 Hollobon has not described how a competitor would derive information about Plaintiff’s unique  
19 method from the .csv versions of the AICS tables, which only disclose that the AICS tables store  
20 SQL code within themselves. (*Id.*; *see* Dkt. No. 46 at 14.) Therefore, Plaintiff has not carried its  
21 burden of establishing that the AICS tables are entitled to protection as trade secrets.

22 The RAC tables “relate to regulating the level of access a group of users (security group)  
23 or certain users enjoys for a certain record. Called a user-based permissions system, it is  
24

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25 <sup>8</sup> Although the parties dispute whether Defendant possessed or used the Analytics for  
26 Inteum product, (*Compare* Dkt. Nos. 46 at 15, 72 at 2; *with* Dkt. No. 64 at 7), this is irrelevant  
for determining whether the AICS tables constitute trade secrets.

1 exceedingly common in database design.” (Dkt. No. 46 at 18.) In order to improve the  
2 performance of its database, Plaintiff materialized data related to view, edit, and delete functions  
3 into three raw data tables to store record security settings. (Dkt. No. 64 at 5, 8–9; *see also* Dkt.  
4 Nos. 46 at 22–23, 72 at 4.) The technique of materializing data into smaller groups in order to  
5 improve database performance, including materializing data by creating a new data table, is not  
6 unique to Plaintiff. This technique is used in other databases, and is generally known in the  
7 industry. (Dkt. Nos. 46 at 23, 72 at 4; *see* Dkt. No. 46-2 at 78–93) (blog posts from 2012, 2013,  
8 and 2016 discussing the benefits of materializing data into tables instead of using materialized  
9 view); *see also* Dkt. No. 72 at 20) (Hollobon acknowledging in his deposition that using  
10 materialization to help speed up a database is not unique to Plaintiff). Plaintiff’s claim that the  
11 RAC tables are entitled to protection as trade secrets appears to turn on Plaintiff’s specific use of  
12 three raw data tables to store its record access control data. (*See* Dkt. No. 64 at 5–6, 8–9.)<sup>9</sup>

13         Hollobon’s declaration is too conclusory to prove that the .csv versions of the RAC tables  
14 are entitled to protection as trade secrets. Hollobon acknowledges that the practice of  
15 materializing data to increase the speed of a database is not unique to Plaintiff. (Dkt. No. 72 at  
16 20.) Hollobon does not provide concrete examples of how Plaintiff’s use of three tables in  
17 particular, using the well-known technique of breaking large amounts of data into smaller chunks  
18 using materialization (*see* Dkt. No. 72 at 4), is materially different from other applications of the  
19 technique in the industry. *Machen*, 828 P.2d at 76–79; *Woo*, 154 P.3d at 240. In fact, Hollobon  
20 has stated that he is unaware of how competitors’ databases work and cannot say for certain that  
21 no other entity has arrived at using the exact same method. (Dkt. Nos. 52 at 109, 71 at 15–18.)  
22 Further, although Hollobon opines that Plaintiff’s method enables the Inteum Software to be

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23         <sup>9</sup> Hollobon’s declaration does not readily disclose another basis for differentiating  
24 Plaintiff’s method from those commonly used in the industry. (*See* Dkt. No. 64 at 5–6, 8–9.)  
25 Similarly, neither Plaintiff’s brief argument on this issue in its response to Defendant’s motion  
26 for summary judgment nor its supplemental answers to Defendant’s interrogatories shed much  
light as to what in particular entitles the RAC tables to trade secret protection. (*See* Dkt. Nos. 51-  
4 at 11–13, 61 at 17.)



1 “optimal for SQL Server, Oracle and mySQL at the same time” and to perform “optimally in  
2 initial materialization and synchronizations when the database values change,” he does not  
3 explain what makes Plaintiff’s method optimal or materially different from others in the industry.  
4 (Dkt. No. 64 at 8–9.)

5         Hollobon also opines that knowing Plaintiff’s method would confer a competitive  
6 advantage to others by improving database performance speed. (*See* Dkt. No. 63 at 5–6, 8–9.)  
7 But he appears to assume that any competitor provided with an opportunity to view Plaintiff’s  
8 method would incorporate that same method, and thus improve the performance of its database.  
9 (*Id.*) Hollobon does so without providing supporting concrete examples or otherwise explaining  
10 what makes Plaintiff’s method materially different and better than methods that its competitors  
11 may already be employing. *Robbins*, 328 P.3d at 911–12; *Woo*, 154 P.3d at 240.<sup>10</sup>

12         Finally, Hollobon has not demonstrated that Plaintiff’s method of materializing record  
13 access data into separate tables has been subject to reasonable efforts to maintain its secrecy.  
14 *Modumetal*, 425 P.3d at 878; *Machen*, 828 P.2d at 76–79. Hollobon acknowledges that the  
15 names of several of the RAC tables have been disclosed in Plaintiff’s publicly-available  
16 Database Change Log. (Dkt. No. 64 at 10.) For example, one such entry reads, “SU 5223 –  
17 Oracle – Record Level security tables do not materialize (e.g. VW\_MKTTGT\_SM,  
18 ED\_MKTTGT\_SM) inherited TECH and INVDISC security.” (Dkt. No. 46-3 at 9.) Both of  
19 these named tables are RAC tables Plaintiff claims constitute trade secrets. (Dkt. No. 46 at 25.)  
20 Another entry reads, “SU 4568 – Rematerialize of Record Access security tables may freeze  
21 when DL\_MKTTGT\_SM, ED\_MKTTGT\_SM, or VW\_MKTTGT\_SM is being processed.”  
22 (Dkt. No. 46-3 at 23.) These entries indicate that Plaintiff’s database materializes record access  
23 control data, uses multiple tables, and separates data into three tables based on the delete

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24         <sup>10</sup> Defendant asserts that Hollobon could not identify valuable information or a  
25 competitive advantage that a competitor would be able to derive from the .csv files, as he was  
26 unsure if a competitor could determine the function of one of the secondary tables upon  
examination. (Dkt. Nos. 69 at 10, 71 at 11–12.)

1 (“DL\_”), edit (“ED\_”), and view (“VW\_”) rights pertinent to a specific underlying table (in the  
2 latter entry, “MKTTGT\_SM”).<sup>11</sup>

3 In addition, Plaintiff’s trial version of the Inteum Software, which it provides to potential  
4 customers without an accompanying nondisclosure agreement, discloses via pop-up notifications  
5 that record access control settings are materialized into the database when a new record is  
6 created. (Dkt. Nos. 46 at 24; 51-9 at 111, 117.) Hollobon’s declaration does not address the  
7 disclosures provided by Plaintiff’s trial version. (*See generally* Dkt. No. 64.) This further  
8 demonstrates that Plaintiff has failed to establish how it has taken reasonable efforts to maintain  
9 the secrecy of the RAC tables. *Modumetal*, 425 P.3d at 878; *Machen*, 828 P.2d at 76.

10 In sum, Hollobon’s declaration is insufficient to carry Plaintiff’s burden of establishing  
11 that the .csv versions of the RAC tables constitute trade secrets under the WUTSA. As Plaintiff  
12 has not carried its burden of establishing that any of the .csv versions of the secondary tables are  
13 entitled to protection under the WUTSA, Defendant’s motion for summary judgment is  
14 GRANTED on this ground.

15 *b. Filename List*

16 Defendant moves for summary judgment on Plaintiff’s claim that the Filename List  
17 qualifies as a trade secret. (Dkt. No. 45 at 20.) “[R]elational databases use certain ‘database  
18 objects’ as building blocks to create a functional database.” (Dkt. No. 46 at 26.) Six common  
19 database objects are tables, indexes, views, procedures, functions, and triggers. (*Id.*)<sup>12</sup> Two  
20 further objects, large objects (“LOB”) and packages, are proprietary and unique to Oracle  
21 databases. (*Id.*) The Filename List is a 39-page document listing the names of the database

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22  
23 <sup>11</sup> Although Hollobon contends that the Database Change Log “only discloses the table  
24 names and not the fields within the tables,” Dr. Surati points out that the tables’ names are the  
25 only usable part of the .csv files transferred from Defendant to Wellspring; absent additional  
context, the integer values contained within the .csv versions of the RAC tables themselves do  
not convey useful information to the recipient. (Dkt. No. 64 at 10, *cf.* Dkt. No. 46 at 18.)

26 <sup>12</sup> Plaintiff has publicly disclosed that the Inteum Software uses the six commonly-used  
types of objects described above via the Database Change Log. (Dkt. No. 64 at 3–4.)

1 objects contained in Plaintiff's database at the time Defendant was migrating its data to  
2 Wellspring's KMS. (Dkt. Nos. 46 at 6, 64 at 3.) Defendant's employee Qui Ying sent the  
3 Filename List to Wellspring in April 2016, and asked Wellspring to identify which specific  
4 database objects it needed to export from the database during the migration. (Dkt. No. 49 at 2.)  
5 Plaintiff contends that the Filename List is a "full blueprint of [Plaintiff's] database."<sup>13</sup>

6 The Filename List provides the name of each database object and what type of object it is  
7 (e.g., "table" or "view"). (Dkt. No. 46 at 28.) Dr. Surati opines that knowing this information  
8 alone does not provide much value to a recipient; for example, although one could infer the  
9 naming conventions used by Plaintiff, one would need additional information, such as code or  
10 additional metadata, to see how each database object functions or is used by Plaintiff. (*Id.* at 28–  
11 29.) Dr. Surati states that "[t]he value of such database objects is their purpose, or function,  
12 within the database. Without more information than is provided in [the Filename List], it is  
13 impossible for me to know how the Inteum Database used any one of these database objects."  
14 (*Id.* at 29–30.)

15 In response, Hollobon opines that the Filename List would be valuable to a competitor  
16 because it shows "a pattern in that [the database objects] are similarly named." (Dkt. No. 64 at  
17 5.) He provides an example where two tables share a name, except the second indicates that a  
18 view table is used to materialize the data table. (*Id.* at 5–6.) After noting that Dr. Surati could not  
19 determine the difference in purpose between two similarly named tables, Hollobon asserts that "a  
20 competitor would want to know why this is, and would inevitably conclude that the use of

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21  
22 <sup>13</sup> Defendant asserts that Plaintiff waived its claim that the Filename List is a trade secret  
23 by providing it to Wellspring without confidentiality protection in response to a document  
24 subpoena. (Dkt. No. 45 at 21.) Plaintiff contends that it did not request confidentiality protection  
25 for the Filename List because Wellspring had possessed it for over two years, and refers to a  
26 joint defense agreement between Wellspring and Defendant, although Plaintiff does not elaborate  
as to the impact of any such agreement. (Dkt. No. 61 at 17–18.) As Plaintiff sent the Filename  
List "to determine what use Wellspring had made of the document," (*id.* at 17), in the context of  
discovery for litigation, the Court declines to find that Plaintiff waived its claim that the  
Filename List is a trade secret. *See Machen*, 828 P.2d at 78.

multiple tables is part of the reason the materialization of [Plaintiff] runs so fast.” (*Id.* at 6.) He does not provide another basis for how knowing the names of each database object would confer an advantage to a competitor. (*See generally id.*)

Hollobon’s declaration regarding the Filename List suffers from the same deficiency as his opinion regarding the secondary tables. Hollobon’s statement that a competitor would “inevitably conclude” that Plaintiff uses multiple tables to achieve fast materialization does not quantify the advantage a competitor would gain from this knowledge. *See Robbins*, 328 P.3d at 911–12; *Woo*, 154 P.3d at 240. Further, as discussed above, Plaintiff has not established that its use of multiple tables to improve database performance qualifies as a trade secret. (*See supra* Section II.E.1.a.) Therefore, Plaintiff has not established that the names of the database objects contained in the Filename List are entitled to protection under the WUTSA.

The Filename List also provides the total number of database objects contained in Defendant’s version of the Inteum Software’s database, along with the number of each type of object. (Dkt. No. 52 at 24.) The number of database objects alone does not disclose how Plaintiff uses those database objects or how it integrates them. (Dkt. No. 46 at 31.) Also, this number is unique to Defendant’s version of the Inteum Software’s database, as users of the Inteum Software have the ability to create their own database objects, which are included in the total number of database objects. (*Id.* at 30.) Hollobon does not opine as to how a competitor would benefit from knowing the exact number of database objects Defendant’s version of the Inteum Software; instead, he repeatedly states that the number of database objects in Plaintiff’s database has not previously been publicly disclosed. (*Id.* at 4, 10.) Maintaining the secrecy of the alleged trade secret is only one of the prongs a plaintiff must satisfy. *See Modumetal*, 425 P.3d at 879.<sup>14</sup>

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<sup>14</sup> Hollobon analogizes the Filename List to a race car, stating that, “it was not a manual for building a race car. But it listed every last part. In the hands of a competitor, it was an invaluable look under the hood of the competitor’s car.” (Dkt. No. 64 at 6.) During his deposition testimony, he stated that the Filename List was a “gold mine” that provided insight as to Plaintiff’s focus within the product and intent to obtain processing speed, but acknowledged that a competitor would not be able to reverse engineer or recreate Plaintiff’s database. (Dkt. No. 64

1 Therefore, Plaintiff has not carried its burden of establishing that the Filename List is  
2 entitled to protection as a trade secret under the WUTSA. Defendant's motion for summary  
3 judgment is GRANTED on this ground.

4 *c. Inteum Front End*

5 Defendant moves for summary judgment on Plaintiff's claim that the Inteum front end is  
6 entitled to protection as a trade secret under the WUTSA. (Dkt. Nos. 45 at 21–22, 51-4 at 13.)  
7 Defendant contends that Plaintiff has failed to adequately specify the trade secret it claims  
8 Defendant misappropriated. (Dkt. No. 45 at 21–22.) Plaintiff does not argue that the Inteum front  
9 end constitutes a trade secret, but that Leong discussed the Inteum front end with a Wellspring  
10 employee in an effort to port over Inteum functionality into Wellspring's KMS. (Dkt. No. 61 at  
11 12, 17–20.) Hollobon does not opine as to the status of the Inteum front end as a trade secret, and  
12 instead states that Defendant provided Wellspring with screenshots of the Inteum Software's  
13 output along with written explanations of how certain fields and tables work, which "was a plain  
14 violation of the license." (Dkt. No. 64 at 7.) In light of Plaintiff's non-opposition to Defendant's  
15 motion for summary judgment as to the status of the Inteum front end as a trade secret  
16 misappropriated by Defendant, Defendant's motion is GRANTED on this ground.

17 2. Misappropriation

18 Defendant moves for summary judgment on the issue of whether Plaintiff has established  
19 that Defendant misappropriated the alleged trade secrets at issue. (Dkt. No. 45 at 22–27.)

20 Misappropriation of a trade secret includes:

21 Disclosure or use of a trade secret of another without express or implied consent by  
22 a person who . . . [a]t the time of the disclosure or use, knew or had reason to know  
23 that his or her knowledge . . . was . . . acquired under circumstances giving rise to  
a duty to maintain its secrecy or limit its use.

24 \_\_\_\_\_  
25 at 50–51.) He further stated that the Filename List did not disclose the purpose of each database  
26 object or how the objects interacted with one another, and that he was unsure how a competitor  
would directly benefit from inferring how certain database objects interacted. (Dkt. No. 52 at 76,  
90–91, 96–97, 101–02, 105–06.)

1 Wash. Rev. Code § 19.108.010(2)(b)(ii). Other jurisdictions have held that a party’s prior receipt  
2 of alleged trade secrets precludes a finding that the trade secrets were “disclosed.” *See, e.g.,*  
3 *Hunn v. Dan Wilson Homes, Inc.*, 789 F.3d 573, 582–83 (5th Cir. 2015) (affirming trial court’s  
4 finding that defendant did not disclose plans claimed as trade secrets when receiving party  
5 already possessed the plans in different format); *see also Veronica Foods Co. v. Ecklin*, 2017  
6 WL 2806706, slip op. at 13 (N.D. Cal. 2017); *Thomas v. Starz Entm’t LLC*, 2016 WL 5421992,  
7 slip op. at 6 (C.D. Cal. 2016) (both noting that “disclosure” requires that the relevant information  
8 was previously secret or unknown).

9 The Inteum Software “is cumulative. Each new version contains all the elements of the  
10 prior version, with additions and improvements.” (Dkt. No. 51-4 at 16; *see also* Dkt. No. 64 at  
11 2.) Defendant was “using a mid-2014 version of the [Inteum Software’s] database . . . .” (Dkt.  
12 No. 46 at 30.) Prior to the data migration in April 2016, Wellspring’s CEO Rob Lowe told Ying  
13 that, “Inteum is a Microsoft SQL backend, which we have converted many, many times. We also  
14 know the database mapping (ERD) well . . . We have the table diagrams and mapping of how  
15 Inteum’s system works.” (Dkt. No. 51-4 at 170.)<sup>15</sup> Lowe later testified that Wellspring had  
16 received backups of the Inteum Software’s database in the past, including in .BAK file format  
17 that would allow Wellspring to restore the received database in its entirety. (*Id.* at 91; Dkt. No.  
18 46 at 6–7.) In April 2016, Wellspring’s Chief Operating Officer Matt Hamilton told Leong,  
19 “[Wellspring has] converted about 8 Inteum users in the past year, probably about 30 or more  
20 over the past few years . . . In the case of [University of New South Wales] we had received two  
21 database backups which we extracted into .csv files to transfer into the Sophia dataset.” (*Id.* at  
22 173.) He further stated that, “we have already received full database backups of Inteum  
23 numerous times from a variety of clients,” and later testified that Wellspring “did not receive  
24 anything new from [Defendant] that we had not seen” (*Id.* at 173, 185–86.)

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25  
26 <sup>15</sup> Lowe later stated, contrary to his email, that Wellspring no longer had the ERD. (Dkt.  
No. 62-1 at 5–6.)

1 Defendant's unrebutted evidence establishes that Wellspring previously received copies  
2 of the full Inteum Software database, including .BAK files that could be used to restore the  
3 received databases, and did not learn anything new from the material sent by Defendant. (Dkt.  
4 No. 51-4 at 91, 170, 173, 185–86.) In response, Plaintiff cites deposition testimony of Hamilton  
5 in which he could not recall which of Wellspring's clients had sent full database backups in 2016  
6 and stated that in all cases Wellspring had received "the client data . . . for the implementation."  
7 (Dkt. Nos. 16 at 13, 62-1 at 143–44.) But Plaintiff's challenge to Hamilton's credibility is  
8 insufficient to preclude summary judgment. *Far Out Prods., Inc. v. Oskar*, 247 F.3d 986, 997  
9 (9th Cir. 2001). Further, Plaintiff has not rebutted Lowe's statements that Wellspring had  
10 previously received full backups of the Inteum Software's database, including in .BAK file  
11 formats. (*See* Dkt. No. 16 at 13.) Therefore, even if Plaintiff is able to establish at trial that  
12 Defendant provided Wellspring with a copy of the Inteum Software's database, it has not  
13 established that this constituted an actionable "disclosure" in violation of the WUTSA.  
14 Defendant's motion for summary judgment is GRANTED on this ground.<sup>16</sup>

### 15 3. Damages

16 Defendant moves for summary judgment on Plaintiff's claims for damages. (Dkt. No. 45  
17 at 27–29.) Plaintiff seeks damages for "(1) the value of the lost contract with [Defendant]; and  
18 (2) the total value of the trade secrets that [Defendant] provided to Wellspring," calculated as  
19 \$5,100,000. (Dkt. No. 51-4 at 15–16.)<sup>17,18</sup> In its second amended complaint, Plaintiff

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20 <sup>16</sup> As discussed above, Plaintiff has not carried its burden of establishing that the  
21 secondary tables, Filename List, or the Inteum front end are trade secrets under the WUTSA.  
22 (*See supra* Sections II.E.1.a., II.E.1.b., II.E.1.c.) Therefore, the Court need not reach the issue of  
whether these were disclosed in violation of the WUTSA.

23 <sup>17</sup> As discussed above, Plaintiff cannot recover the value of the lost contract because  
24 Defendant was under no obligation to renew the SMP. (*See supra* Section II.D.3.b); (Dkt. No.  
51-1 at 7–8, 27–28); *Capitol Pros, Inc.*, 2018 WL 3390457, slip op. at 2.

25 <sup>18</sup> In its response to Defendant's motion for summary judgment, Plaintiff appears to  
26 contend that its claimed damages may constitute a "reasonable royalty." (*See* Dkt. No. 61 at 18.)  
Plaintiff's second amended complaint does not discuss this theory of damages, (*see generally*  
Dkt. No. 35), and Plaintiff has not submitted evidence or expert testimony supporting any

1 characterizes this as an award of Defendant's unjust enrichment arising from its unlawful  
2 behavior. (Dkt. No. 35 at 18.) Defendant contends that Plaintiff cannot recover its claim for lost  
3 development costs under the WUTSA because Plaintiff has failed to demonstrate either actual  
4 loss or that Defendant was unjustly enriched as a result of the alleged misappropriation. (Dkt.  
5 No. 45 at 27–29.)

6 Under the WUTSA, a plaintiff may seek injunctive relief, “damages for the actual loss  
7 caused by misappropriation,” and damages from any “unjust enrichment caused by  
8 misappropriation that is not taken into account in computing damages for actual loss, and  
9 exemplary damages.” Wash. Rev. Code § 19.108.030(1). The WUTSA does not define “actual  
10 loss.” *See id.* Courts interpreting the term have stated that actual losses include damages for  
11 injury in fact, including lost profits and the value of lost business opportunities. *Eagle Grp., Inc.*  
12 *v. Pullen*, 58 P.3d 292, 299 (Wash. Ct. App. 2002) (examining cases.) The WUTSA also does  
13 not define “unjust enrichment.” *See* Wash. Rev. Code § 19.108.030(1). “Unjust enrichment is the  
14 method of recovery for the value of the benefit retained absent any contractual relationship  
15 because of notions of fairness and justice require it.” *Young v. Young*, 191 P.3d 1258, 1262  
16 (Wash. 2008). Washington courts have noted that:

17 Three elements must be established in order to sustain a claim based on unjust  
18 enrichment: A benefit conferred upon the defendant by the plaintiff; an appreciation  
19 or knowledge by the defendant of the benefit; and the acceptance or retention by  
the defendant of the benefit under such circumstances as to make it inequitable for  
the defendant to retain the benefit without the payment of its value.

20 *Bailie Commc'ns, Ltd. v. Trend Bus. Sys., Inc.*, 810 P.2d 12, 18 (Wash. Ct. App. 1991). In  
21 the context of a claim for unjust enrichment under the WUTSA:

22 The traditional form of restitutionary relief in an action for the appropriation of a  
23 trade secret is an accounting of the defendant's profits on sales attributable to the

24 \_\_\_\_\_  
25 argument that its claimed research and development costs constitute a reasonable royalty. *See*  
26 *Veritas Operating Corp. v. Microsoft Corp.*, 2008 WL 7404617, slip op. at 5 (W.D. Wash.  
2008). Plaintiff may not rely on this novel characterization of its claimed damages at this late  
stage.



1 use of the trade secret.... The plaintiff has the burden of establishing the defendant's  
2 sales; the defendant has the burden of establishing any portion of the sales not  
3 attributable to the trade secret and any expenses to be deducted in determining net  
4 profits.

5 *Petters v. Williamson & Assocs., Inc.*, 210 P.3d 1048, 1054 (Wash. Ct. App. 2009)  
6 (alteration in original) (quoting Restatement (Third) of Unfair Competition § 45 cmt. f., at 516–  
7 17 (1995)).

8 Plaintiff does not appear to argue that its sought monetary damages constitute actual  
9 losses. (*See generally* Dkt. No. 35; *see also* Dkt. No. 51-4 at 15–16.) But to the extent that  
10 Plaintiff raises this argument, Plaintiff has failed to identify such actual losses resulting from the  
11 alleged misappropriation. Plaintiff's CEO testified to Plaintiff's strength in the KMS market,  
12 including winning the majority of new customers and holding more market share than all of its  
13 competitors combined. (*See* Dkt. No. 51-1 at 23–25, 49.) Further, Plaintiff's total income has  
14 steadily grown from 2012 to 2017. (Dkt. No. 53 at 53.) Plaintiff has not offered evidence  
15 showing that it has suffered any actual loss from the alleged misappropriations, such as lost  
16 profits or business opportunities. *Eagle Grp., Inc.*, 58 P.3d at 299. Thus, Plaintiff has not  
17 established actual losses resulting from Defendant's alleged unlawful conduct. Wash. Rev. Code  
18 § 19.108.030(1).

19 Plaintiff's claim for unjust enrichment damages from Defendant is also flawed. (Dkt. No.  
20 35 at 18.) Under Washington law, the plaintiff bears the initial burden of establishing the  
21 defendant's profits, and then the defendant subsequently bears the burden of establishing which  
22 portion of those profits is not attributable to the trade secret and any expenses that should be  
23 deducted. *Petters*, 210 P.3d at 1054. But Plaintiff's claim for damages, although directed at  
24 Defendant, seeks its research and development costs incurred in developing the Inteum Software.  
25 (Dkt. No. 51-4 at 16.) Defendant does not market KMS software, nor does it have its own  
26 software or database that may have been improved by any misappropriation of Plaintiff's trade  
secrets. Rather, Plaintiff's request for damages based on its research and development costs is

1 more appropriately directed at Wellspring, as the would-be beneficiary of receiving the alleged  
2 trade secrets in this case. But Wellspring is not a party to this lawsuit. (Dkt. No. 35 at 3.)

3 Even if Wellspring were a party, Plaintiff has not offered sufficient evidence to support  
4 its requested damages. Plaintiff seeks its total research and development costs incurred in  
5 developing the Inteum Software. (*See* Dkt. Nos. 51-4 at 16, 64 at 2.) Notably absent is evidence  
6 as to the costs saved by Wellspring in furthering the development of its own product, or profits  
7 of Wellspring attributable to the alleged misappropriation of the trade secrets. *See Bailie*  
8 *Commc'ns, Ltd.*, 810 P.2d at 18; *Petters, Inc.*, 210 P.3d at 1054. Plaintiff has similarly failed to  
9 offer evidence establishing that the Inteum Software has lost value equal to its total research and  
10 development costs following Defendant's alleged misappropriations of its trade secrets. Further,  
11 although Plaintiff has repeatedly cited the competitive advantage gained by Wellspring upon  
12 receipt of Plaintiff's claimed trade secrets as the basis for its damages, (Dkt. No. 70 at 83, 89),  
13 Plaintiff has quantified this benefit nor rebutted the testimony from Wellspring's employees that  
14 Wellspring has not derived any benefit from the receipt of Plaintiff's alleged trade secrets from  
15 Defendant. (*See* Dkt. No. 51-4 at 94–95, 182–87.)

16 In sum, Plaintiff has not demonstrated that it is entitled to relief from Defendant under  
17 either of its claimed theories of damages for its misappropriation of trade secrets claims. As  
18 discussed above, Plaintiff's claim for damages for breaches of the License Agreement and NDA  
19 are premised on the same operative facts, and Plaintiff has not provided a separate theory of  
20 damages in support of its breach of contract claims. Defendant's arguments in support of its  
21 motion for summary judgment as to Plaintiff's damages claims focus on Plaintiff's inability to  
22 show actual loss or that Wellspring used the alleged trade secrets, rather than the infirmity of  
23 Plaintiff's unjust enrichment damages theory and supporting evidence. (*See* Dkt. No. 45 at 15,  
24 27–29.)

25 “After giving notice and a reasonable time to respond, the court may . . . grant the motion  
26 on grounds not raised by a party.” Fed. R. Civ. P. 56(f)(2). Plaintiff is ORDERED to show cause

as to why this case should not be dismissed in its entirety for a lack of recoverable damages. Plaintiff shall submit briefing not to exceed five (5) pages on this issue no later than seven (7) days from the issuance of this order. Plaintiff shall identify what theory of damages and evidence supports its remaining breach of contract claims.

### **III. CONCLUSION**

For the foregoing reasons, Defendant's motion for summary judgment (Dkt. No. 45) is GRANTED in part and DENIED in part. Defendant's motion for summary judgment is GRANTED on Plaintiff's claims for: (1) breach of contract premised on disclosure of the secondary tables; (2) breach of contract premised on disclosure of the Filename List; (3) breach of contract premised on Defendant's use of the data dictionary; (4) trade secret misappropriation premised on disclosure of the secondary tables; (5) trade secret misappropriation premised on disclosure of the Filename List; (6) trade secret misappropriation premised on the Inteum front end; and (7) trade secret misappropriation premised on disclosure of the backup Inteum database. Defendant's motion for summary judgment is also GRANTED on Plaintiff's theories of damages premised on loss of the contract and Plaintiff's total research and development costs incurred in developing the Inteum Software.

Defendant's motion for summary judgment is DENIED on Plaintiff's claims for: (1) breach of contract premised on disclosure of the backup Inteum database; and (2) breach of contract premised on Defendant's discussion of the Inteum front end.

Plaintiff shall file briefing in accordance with this order no later than seven (7) days after the day this order is issued. Plaintiff shall identify what theory of damages and evidence supports its remaining breach of contract claims.

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1 DATED this 5th day of March 2019.

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5 John C. Coughenour  
6 UNITED STATES DISTRICT JUDGE  
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